

Message Text

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ACTION EB-11

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CAB-09 CIAE-00 COME-00 DODE-00 INR-10 NSAE-00 RSC-01

FAA-00 SS-20 SPC-03 NSC-10 PA-04 PRS-01 L-03 DRC-01

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O R 072125Z NOV 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC IMMEDIATE 1197

INFO AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L GUATEMALA 5279

E.O. 11652: GDS

TAGS: ETRN

SUBJECT: CIVAIR: PANAM SITUATION

REF: GUATEMALA 5264

SUMMARY:

1. I CALLED ON FONMIN ARENALES THIS MORNING TO FURTHER DISCUSS PANAM PROBLEM AND EXPLORE POSSIBLE NEXT STEPS IN SEEKING SOLUTION TO PROBLEM. IN ESSENCE, ARENALES SAID HE DID NOT BELIEVE THERE REALLY WAS ANY USEFUL NEXT STEP-THAT MINCOMMUNICATIONS ANZUETO WOULD NOT BACK DOWN ON THE RESTRICTIONS INCLUDED IN THE PANAM SCHEDULE AND THAT HE WAS CERTAIN THAT ANZUETO HAD THE PRESIDENT'S FULL BACKING ON THIS. END SUMMARY

2. ARENALES SAID THAT IN HIS MEETING WITH ANZUETO THE LATTER HAD TAKEN THE LINE THAT THE PROBLEM WAS ONE OF PANAM TENACIOUSLY PROTECTING ITS BUSINESS INTERESTES AND HIMSELF TENACIOUSLY PROTECTING AVIATECA'S BUSINESS INTERESTS. HE TOLD ARENALES THAT THERE WAS NO ELEMENT OF ANTI-PANAM FEELING IN HIS POSITION. HE NOTED THAT PANAM HAD RECEIVED ALMOST EVERYTHING IT HAD ASKED FOR IN
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ITS SCHEDULE AND THAT THE RESTRICTIONS (LOSS OF FIFTH

FEEDOM ON FOUR FLIGHTS A WEEK TO MEXICO, PROHIBITION OF GUATEMALA-SAN PEDRO SULA-GUATEMALA RUN, AND CHANGE OF DAY ON NEW ORLEANS RUN) AFFECTED A VERY MINIMAL PART OF THE EXTENSIVE BUSINESS PANAM DOES ON ITS GUATEMALAN ROUTES. HOWEVER, HE SAID, THESE EXCLUSIVE ROUTES ON CERTAIN DAYS WERE VITAL FOR AVIATECA IF IT WAS GOING TO GET ON ITS FEET FINANCIALLY AND HE COULD NOT, IN GOOD CONSCIENCE, LIFT THE RESTRICTIONS. ARENALES REMARKED TO ME THAT HE HAD BEEN EXPOSED TO BOTH SIDES OF THE PICTURE-- PANAM'S BY THE PANAM REPRESENTATIVES IN NEW YORK AND AVIATECA'S BY ANZUETO-- AND THAT HE FELT ANZUETO HAD A CONVINCING CASE. HE REPEATED THAT ANZUETO HAD TOLD HIM HE WAS WILLING TO SEE PANAM REPRESENTATIVES AT ANY TIME TO DISCUSS SCHEDULES BUT THAT HE WAS VEHEMENT IN STATING THAT HE WOULD NOT REPEAT NOT DISCUSS LIFTING THE RESTRICTIONS.

3. ARENALES SAID ANZUETO COMPLAINED TO HIM THAT PANAM WAS ATTEMPTING TO PRESSURE HIM BY THREATENING CAB ACTION AGAINST AVIATECA, BUT THAT HE WAS DETERMINED NOT TO BOW TO THAT PRESSURE--IF CAB TOOK ACTION AGAINST AVIATECA HE WOULD CLOSE DOWN PANAM'S OPERATION HERE, AND HE HAD SO INFORMED PANAM. IN THIS CONNECTION, ARENALES SAID ANZUETO TOLD HIM HE HAD BEEN MOST UPSET BY THE WORDING OF THE CAB'S ORIGINAL MESSAGE TO HIM APPROVING PROVISIONAL 30-DAY COMINGLING OF TRAFFIC ON GUATEMALA-MERIDA-MIAMI RUN (STATE 213211) SINCE THE PERMIT CLEARLY STATED THAT IT WAS GRANTED PROVISIONALLY PENDING SOLUTION OF PANAM PROBLEM. HE FELT THIS TO BE UNDUE PRESSURE AND HE PROTESTED TO CAB AND RECEIVED NEW MESSAGE OMITTING REFERENCE TO PANAM. (ARENALES SAID HE DID NOT ACTUALLY SEE MESSAGES SO COULD NOT VOUCH FOR VERACITY OF ANZUETO'S STORY). ARENALES SAID HE BELIEVED THAT ANZUETO ACTUALLY WOULD CLOSE DOWN PANAM OPERATIONS IF CAB ACTED AGAINST AVIATECA, BUT HE COULD NOT BELIEVE THAT PANAM WOULD BE "FOOLISH ENOUGH" TO JEOPARDIZE THE VAST BULK OF ITS BUSINESS HERE BY SEEKING CAB ACTION BECAUSE OF THE "MINOR" RESTRICTIONS PLACED ON THEM BY GOG.

4. WITH REGARD TO WHAT STEPS COULD NOW BE TAKEN TO AVOID WHAT APPEARED TO BE A BUILDING POSSIBLE CONFRONTATION, CONFIDENTIAL

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ARENALES SAID HE DID NOT BELIEVE ANYTHING WE DID WOULD RESULT IN THE LIFTING OF THE SCHEDULE RESTRICTIONS. HE SAID HE FELT HE COULD NOT APPROPRIATELY TAKE ANY MORE ACTION ON THE PROBLEM HIMSELF AND HE BELIEVED THAT AN APPROACH TO THE PRESIDENT BY EITHER PANAM OR THE EMBASSY WOULD BE A USELESS AND POSSIBLY IRRITATING GESTURE.

5. COMMENT: DURING THE COURSE OF CONVERSATION WITH ARENALES IT

WAS OBVIOUS THAT ANZUETO HAD CONVINCED HIM OF THE JUSTICE
OF HIS POSITION AND THAT ARENALES HAS LITTLE SYMPATHY
WITH PANAM'S COMPLAINTS OVER THE RESTRICTIONS. I BELIEVE
THAT ARENALES' ASSESSMENT THAT THE GOG WILL MAINTAIN A
VERY FIRM ATTITUDE ON THIS QUESTION TO THE BITTER END IS
PROBABLY AN ACCURATE ONE. IT IS QUITE POSSIBLE THAT IN
THIS EMOTIONAL SITUATION IF CAB RESTRICTS AVIATECA, GOG WOULD
ACTUALLY CARRY OUT ANZUETO'S THREAT TO CLOSE DOWN OR AT LEAST
FURTHER RESTRICT PANAM OPERATIONS DESPITE ADVERSE EFFECTS SUCH
ACTION WOULD HAVE ON INCREASINGLY IMPORTANT TOURIST BUSINESS.
END COMMENT.
DREYFUSS

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